App. F. IX-4

Previous References (1925:6 G. F.)

G. F. File No. 9-25

Serial Nos. 163.

Preserve

Later References

By 8/9/45

General and Revenue Secretariat.

Serial Nos. Two.

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Part B for July 1925.

SUBJECT

Surplus revenues of the Civil and Military Station.

AP 5/7-

P46 E

General and Revenue Secretariat.

G.F File No. 9 /of 1925

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Serial No

P.V.D.

Residency letter no.C.3825/211 dated 5th June 1925 on the subject of the surplus revenues of the Civil & Military Station.

The above letter was received by me this evening and I herewith submit it for perusal.

What exactly is the object of the present communication is not quite clear. The Settlement is to be in force for a period of ten years and it is liab to alteration after that period. Condition No. 5 of the Settlement is that no part of the surplus of any year shall be set aside to form a reserve <u>to meet possible future deficits</u>. The present communicatio states that, if they so desire, the Government of India may, at any time in the future, create a reser <u>to meet future requirements in the Tract itself</u>. We are, however, assured that our share of the surplus of any year would not be affected even if the Govern-ment of India decided upon forming a reserve, whethe for meeting future deficits as contemplated in condition No. 5 of the Settlement or for meeting future requirements in the Tract as stated in the present communication.

The interpretation of condition No.5 given in the present letter would amount to this: The Government of India claim the right to form a reserve either out of the one-fourth share of the surplus belonging to the station according to the Settlement or out of the saving resulting from the ~~active~~ actual normal expenditure

NOTE—Contn. Sheet

G.R.S. III-2)

WD 2119—GPB—10,000—27-4-25

G.F. File No. 9 of 19 25

General and Revenue Secretariat.

Serial No.

expenditure in any year falling below the level of datum line. If this is all the object of the present letter, we ~~k~~ need have no objection to the proposed arrangement. In the event of a reserve being formed and also of any part of it remaining ~~as a sur~~ mutilised plus when the Settlement comes up for revision after the period of ten years, the question may arise as to whether the State should not have a claim to the whole or a share of such surplus as part of the new settlement to be arrived at. The contingency, however, of any large surplus balance remaining after the period of ten years is remote.

I do not think the present communication means that the Government of India claim the right to form a reserve out of the surplus of the Station even after the period of the existing Settlement. If, however, this is their intention we cannot agree to the arrangement as we can now express no view in respect of the terms of the new settlement to take the place of the present one.

In the circumstances stated above, the allusion to the "possibility of future misunderstanding" made in para 1 of the letter and how such misunderstanding is considered as removed by what is stated in para 2 are not clear. If it is possible, it would be well to ascertain personally from Mr. Barton what exactly is the object of this letter.

DEWAN'S OFFICE
RECD. ON 9 JUN. 1925

NOTE—Contn. Sheet

(3)

General and Revenue Secretariat.

G.F. File No. 9 of 1925

Serial No

Draft to Residency and D.S.N. for info.

Dewan

Mule 23/6/25

NOTE—Contn. Sheet

14

Submitted to His Highness.

I submit the Residency letter dated the 5th June 1925 in which condition No. 5 of the present Settlement with the Civil and Military Station is proposed by the Government of India to be explained for "obviating the possibility of future misunderstanding". The object of this communication is not clear, as there appears to be no possibility of misunderstanding condition No. 5. I do not know why any doubt or misgiving has been felt on this subject and as the present communication is not clear, it is proposed to address the Residency as in the draft put up for ascertaining the exact object of the interpretation proposed to be placed on condition No. 5. I request the gracious approval of His Highness for addressing the Residency as proposed above.

Bangalore,
25th June 1925.

25 JUN 1925

SVS.

General and Revenue Secretariat.

GF File No. 9 of 1925

Serial No

13)

To The Secretary to the Resident
No PSR 18 Dated 8-th July 1925
Enquires in view circumstances stated, the exact significance & proper interpretation of condition nos 5 of the Revised arrangement about the division of the surplus of the C & N Stations

Sus 8/7/20
after file restored

2)

From the Secy to the Resident
No C 3919/211 Dated 14.7.25
Forwards reply regarding the interpretation of Condition no 5 of the Settlement.

P.U.D.
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The Residency letter of date which is a reply to our letter of the 8th instant and which has just been received, is herewith submitted for perusal. It does not add to our information in regard to the intention of the Residency or the Government of India in interpreting as proposed condition No.(5) of the Settlement.

P.U.D.

It would appear from paras 2 and 3 of the present communication that there is an idea of forming a reserve to "meet possible future deficits". But the object of the reserve was differently stated in the previous communication of the 5th June 1925. In the latter letter the purpose of the reserve was stated to be "to meet future requirements in the Tract itself".

Whether

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NOTE—Contn. Sheet

Serial No.

Whether the reserve which is now contemplated, is for covering future deficits or for meeting some special items of expenditure, cannot be made out in view of the conflicting objects mentioned in the two communications.

Whatever the object of the reserve, the point which is of importance to us is this: From what source is this reserve going to be formed ? Is it from the one-fourth share of the surplus calculated after allowing for a datum line of Rs 13 lakhs; or, is it out of the surplus due to the datum line itself being higher than it need have been pitched ? If the former is the case, it is difficult to conceive what occasion would arise for a deficit to be met from this resource. It is extremely improbable that the expenditure of any year would exceed the datum line. On the other hand, Mr. Boag's Report shows that the tendency is really in the other direction. The formation, therefore, of a reserve out of the one-fourth surplus for "meeting possible future deficits" is a provision or precaution which appears to be purposeless. If, however, the object of the reserve is, as stated in the Residency letter of the 5th June 1925, it would be in harmony with the intention of the Settlement to which we have agreed. If the Tract wants to build up a reserve out of the one-fourth surplus for meeting a particular heavy demand for improvement works in the Station, we need

"to meet future requirements in the Tract itself"

have

Serial No

have no objection to the arrangement.

If the real object is to form a reserve out of the provision of the datum line of Rs 13 lakhs — Mr. Boag's Report points to this probability — then the situation created will be one uncontemplated when the Settlement was reached. How such surplus should be dealt with is properly a matter in which we should have our say. In fact, a n y such contingency is really proof of the datum line having been placed higher than it need have been and in fairness, the resulting surplus should be dealt with in the same way as the present surplus above the datum line of Rs 13 lakhs.

P.U.D

Para 3 of the present letter states that we "recognise the right of the Government of India to sanction the formation of such a reserve". In para 3 of our letter, we have not agreed to any such arrangement. On the other hand, we have stated that we did not agree to the formation of a reserve for meeting future deficits and that this proposal was abandoned, as we objected to it. This para again alludes to the proviso, viz., that "the share of the Government of Mysore in the surplus revenues in any one year is not affected", subject to which it is stated the proposed reserve will be formed. This makes the intention of the interpretation sought to be put upon t h i s condition more obscure. If our full rights to the surplus are assured to us, there is no reason why

the

Serial No.

the Residency should take particular pains to remove any possible misunderstanding that may arise in our mind.

I confess that I find it difficult to understand what is exactly the object of these communications and if possible, it would be well to have a personal consultation with the Resident.

DEWAN.)

Arnold 14.7.25

reply may be related to His Highness. — with the above observations I think we may take see how far the recommendations are likely to be given effect to If not we can do so & leave a further action to the Dewan

14-7

D.S.N. for the Dewan

Arnold (5)7/25

NOTE—Contn. Sheet.

Confidential

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Interpretation of condition No. 5 of the recent Settlement regarding Surplus Revenues of the Civil & Military Station, Bangalore.

45

Order.

~~KRW~~
17/7/25

Finance Secy

18 JUL 1925

Please file here
Secy
20/7/25

No. C/3825/211.

From,

Major K.A.G. Evans-Gordon,
Secretary to the Resident in Mysore.

To,

The Financial Secretary to the Government of Mysore,

Bangalore.

Dated Bangalore the 5th June 1925.

Subject:- Surplus revenues of the Bangalore Assigned Tract.

Sir,

With reference to this Office letter No. 387, dated the 16th January 1925, communicating the approval of the Government of India to the new settlement of the Bangalore Assigned Tract revenues, I am directed to make the position quite clear as regards condition 5 of the settlement, thus obviating the possibility of future misunderstanding.

2. The meaning of condition 5 of the new arrangement, is that no part of the surplus of any year should be excluded from the divisible surplus by being set aside to form a reserve; that is to say that the Mysore Government's share of the surplus of any year will not be affected should the Government of India at any time consider it desirable to create a reserve to meet future requirements in the Tract itself.

I have the honour to be,
Sir,
Your obedient servant,

K.A.G. Evans-Gordon

SECRETARY TO THE RESIDENT IN MYSORE.

~~of~~ exact ~~object~~ of the present interpretation of condition No. 5 may kindly be ~~made clear~~. I have, etc.,

Financial Secretary to Govt.

19 — 19
Section. S. F.
File No. 9-25
Serial No. 83

CONFIDENTIAL No. C/3919/21

From,

Major K.A.C. Evans-Gordon,

Secretary to the Resident in Mysore.

To

The Financial Secretary to the Government of Mysore.

B a n g a l o r e.

Dated Bangalore the 14th July 1925.

Sir,

I am directed to acknowledge the receipt of your letter No. Pol. 15, dated the 8th July 1925, regarding the meaning of condition No. 5 of the new settlement regarding the surplus revenues of the Assigned Tract.

2. One interpretation of the words in Condition 5 of the settlement might appear to be that no reserve to meet possible future deficits should be formed under any circumstance and it is the possibility of any misunderstanding arising on this point that has necessitated a communication being made to the Mysore Government.

3. The concluding portion of paragraph 3 of your letter under reference, however, clearly indicates that the Mysore Government recognise the right of the Government of India to sanction the formation of such a reserve, provided that thereby the share of the Government of Mysore in the surplus revenues in any one year is not affected.

I have the honour to be,
Sir,
Your obedient servant,

Evans-Gordon

SECRETARY TO THE RESIDENT IN MYSORE.